

# Black Ink

## Applicable To All

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**N**/A. It's that option in a multiple choice survey or sign-up sheet that stands for "not applicable."

It's something that often crosses my mind when I see a news headline about a far-off city facing an economic crisis or promoting a study on the

benefits of eating brussels sprouts. (Sorry to any of you growers. It doesn't matter how good they are for me, that's a taste I just can't seem to acquire.)

I also hear that "N/A" attitude among cattlemen when it comes to grid marketing.

At first glance, that makes sense. Perhaps you're a farmer-feeder selling cattle via pickup and trailer at the local auction barn and topping that market. You may have no chance or desire to get involved in other forms of marketing. If you're a cow-calf producer who sells cattle at weaning, with little or no feedback on how they do after weaning, you likely have little interest in grid formulas or what's going on with negotiated sales.

However, regardless of your level of participation in it, this beef industry marketing trend has caught on in a big way and it affects you.

Just seven years ago, grid sales and other arrangements made up half of the fed cattle marketings, with live cash sales making up the other half. Today, nearly three-quarters of all finished cattle are sold on some sort of grid or negotiated basis.

Still, how is that applicable to you?

It means that the entire industry is really starting to see that cattle are diverse in their ultimate beef value, and they should be valued accordingly, on individual merit. When a feeder gets a cash bid, the cattle buyer is mentally placing those animals on a grid. He bases how

much he can pay on the range of what he thinks they'll do compared to the plant averages for quality and yield grade.

Every head that runs through the salebarn is quickly evaluated for how well they'll likely do in that same situation. In all the cash sales, there's more guessing involved as to the range and degree of uniformity.

Feeders know this. When they buy calves into the yard, they're doing the same thing. They may have a breakeven price in mind, but then they have an idea which ones they can grid and hopefully recoup some value above their lesser-quality counterparts.

Bottom line: They'll pay up for the better cattle, if they can feel sure it's worth the gamble.

Finished cattle all used to be sold at virtually the same price each week. They were a commodity. That's changing.

Now producers who pay extra attention to genetics, handling, nutrition and health can actually get paid for doing what some of their neighbors chose not to do. It wasn't that way several decades ago.

It doesn't matter if they're sold at auction or direct, value differentiations are getting wider.

Often we hear about the lag time it takes after any decision made, to see the results in the beef industry.

The genetics you're selecting today will be scrutinized years down the road. The steady upward march of this grid marketing trend leads me to believe it has become so well established that it's the new normal. The bulls you buy today will make calves and replacements sold into a market that is increasingly concerned with how the cattle do beyond just weight.

That's a good thing to keep in mind as you consider the effect grid marketing has on your program. △

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